

Message Text

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ACTION EUR-12

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COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15
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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 7537

INFO ALL EC CAPITALS

USMISSION GENEVA IMMEDIATE

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USEEC

GENEVA FOR MTN

E.O.11652:N/A

TAGS: ETRD, EEC

SUBJECT: EC COUNCIL ADOPTS FINAL MANDATE FOR MTN

REF: BRUSSELS 12455

1. SUMMARY: EC COUNCIL, FOLLOWING FOUR-HOUR MINISTERIAL DISCUSSION ADOPTED MANDATE FOR FINAL PHASE OF MTN NEGOTIATION. COUNCIL HAS EMPOWERED COMMISSION, IN CLOSE COORDINATION WITH ARTICLE 113 COMMITTEE, TO NEGOTIATE NECESSARY COMPROMISES WITH TRADING PARTNERS. END SUMMARY.

2. MEETING IN LUXEMBOURG ON JUNE 27, EC COUNCIL OF FOREIGN MINISTERS APPROVED TEXT OF NEGOTIATING MANDATE DESIGNED TO GUIDE COMMISSION IN FINAL PHASE OF MTN.

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MANDATE WAS DRAFTED BY ARTICLE 113 COMMITTEE IN ALL-DAY LUXEMBOURG SESSION AND THEN WAS EXAMINED LINE BY LINE BY MINISTERS DURING FOUR-HOUR PERIOD. FROM PRELIMINARY REMARKS OF MEMBER STATE AND COMMISSION SOURCES, IT IS CLEAR THAT MAJOR STICKING POINTS IN BOTH MEETINGS WERE AGRICULTURE, SUBSIDIES/COUNTERVAILING DUTIES AND, ABOVE ALL, SELECTIVE SAFEGUARDS.

3. ON SELECTIVE SAFEGUARDS, FRG ARGUED IN 113, AND INSISTED ON BRINGING TO COUNCIL FOR DECISION, POSITION THAT PRIOR CONSULTATIONS WERE NECESSARY BEFORE ACTION COULD BE TAKEN AND THAT OPINION OF COMMITTEE OF SIGNATORIES SHOULD BE BINDING. FINAL COUNCIL WORDING ON MANDATE, WHICH UK TRADE MINISTER DELL DESCRIBED TO PRESS AS SATISFYING ALL NINE MEMBER STATES, APPARENTLY STATES THAT IN CRITICAL CIRCUMSTANCES, SELECTIVE SAFEGUARD MAY BE TAKEN ON A PROVISIONAL BASIS WITH CONSULTATIONS TO BE REQUESTED AT THE SAME TIME. IN RESPONSE TO A QUESTION, DELL STATED THAT MANDATE DID NOT SPECIFY HOW LONG A PROVISIONAL MEASURE WOULD BE IN EFFECT AND SAID THAT OPINION OF COMMITTEE OF SIGNATORIES WOULD BE ADVISORY, NOT BINDING. EC NEGOTIATOR PAUL LUYTEN TOLD MISSION OFFICER AT CLOSE OF COUNCIL THAT HE HAD TOLD US AND JAPAN THAT EC COULD NEVER ACCEPT PRIOR CONSULTATION AND THAT STRONG STAND TAKEN BY FRG THIS DAY COULD NOT CHANGE THAT FACT.

4. ON SUBSIDIES/COUNTERVAILING DUTIES, MUCH OF DISCUSSION REPORTEDLY TURNED ON QUESTION OF DEVELOPING A LIST OF INTERNAL SUBSIDIES WHICH HAVE TRADE EFFECTS. COMMISSION SPOKESMAN TOLD PRESS AT ONE POINT THAT EC COULD NOT ACCEPT SUCH A LIST AND WAS CONCERNED THAT IT COULD BE USED ONE DAY TO DRAW IT BEFORE A GATT PANEL. SAME SPEAKER TOLD PRESS THAT FRG HAD INDICATED IN COUNCIL THAT IT COULD LIMITED OFFICIAL USE

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ACCEPT A LIST AND THAT UK POSITION, WHICH HAD BEEN OPPOSED, HAD BECOME MORE FLEXIBLE IN COURSE OF COUNCIL DISCUSSION. FRENCH MINISTER OF FOREIGN TRADE DENIAU TOLD PRESS THAT FRANCE OPPOSED DEVELOPMENT OF A LIST. IN HIS PRESS BRIEFING, MINISTER DELL SAID THAT THE GENERAL FEELING IN THE COUNCIL WAS THAT A LIST WAS NEITHER PRACTICAL NOR DESIRABLE. HE SAID MANDATE WORDING "NEVERTHELESS DOES NOT EXCLUDE POSSIBILITY OF MEETING US CONCERNS" ON THIS POINT AND THAT HE "HOPES" THESE CONCERNS CAN BE MET IN SOME OTHER WAY.

5. ON AGRICULTURE, DENIAU TWICE TOLD PRESS THAT THE EC COULD ACCEPT NO INVOLVEMENT THAT WOULD LIMIT ITS EXPORTING RIGHTS AS THEY NOW EXIST AND AS THEY COULD EXIST IN THE FUTURE THROUGH COMMUNITY ENLARGEMENT. DELL, IN HIS STATEMENT, EMPHASIZED THAT UK HAD PUT ON RECORD IN THE MANDATE THE NEED FOR BETTER ACCESS FOR AGRICULTURAL IMPORTS WITHOUT UNDERMINING THE CAP. WHEN QUESTIONED, HE ADDED THAT MANDATE IS AGREED BUT THAT DIFFERENT MEMBER STATES INTERPRET IT DIFFERENTLY; UK THINKS EC SHOULD BE READY TO MAKE CONCESSIONS ON AUSTRALIAN BEEF AND NEW ZEALAND CHEESE; IRELAND DISAGREES ON CHEESE, AND SEVERAL MEMBER STATES DISAGREE ON BEEF. UK VIEW IS THAT IT WOULD

BE EXCEEDINGLY DIFFICULT TO CONCLUDE THE MTN WITHOUT EC CONCESSIONS ON AGRICULTURE.

6. ON NON-TARIFF CODES, FRENCH REPRESENTATIVE TOLD PRESS THEY MUST BE BALANCED AND SPECIFICALLY THAT ALL SIGNATORIES, INCLUDING FEDERAL STATES, MUST ACCEPT THE SAME LEVEL OF OBLIGATION. EARLY IN DAY, EC CUSTOMS OFFICIAL HENRY CHUMAS TOLD MISSION OFFICER THAT MEMBER STATES ACCEPTED COMMISSION VIEW ON CUSTOMS VALUATION CODE BUT THAT TO SATISFY AN FRG OBJECTION, EC WOULD ENTER RESERVE ON COMPUTED VALUE, SAYING IT MUST BE USED ON LIMITED BASIS AND ONLY WITH CONSENT OF BOTH IMPORTER AND EXPORTER.

7. ON GENERAL EC POSITION ON MTN, DENIAU TOLD PRESS THAT (A) EC SHOULD NOT PUT ANY OF ITS CONCESSIONS INTO EFFECT LIMITED OFFICIAL USE

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UNTIL OTHER NEGOTIATING PARTNERS HAVE OBTAINED LEGISLATIVE

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APPROVAL TO DO THE SAME, (B) ALL PARTICIPANTS MUST
RENOUNCE THE PROTOCOL OF PROVISIONAL APPLICATION AND
(C) ALL ELEMENTS OF THE MTN ARE LINKED. THERE CAN BE NO
PARTIAL AGREEMENTS AND AN OVERALL BALANCE MUST BE ATTAINED.
DELL DESCRIBED FINAL MANDATE AS REFLECTING EC DESIRE TO
MAKE A TOTAL SUCCESS OF MTN AND COMPARED PROCESS OF
APPROVING MANDATE IN COUNCIL TO USG NEED TO BRING CONGRESS
ALONG ON MTN PACKAGE. HE SAID MANDATE PROVIDES FOR
CONTINUOUS CONSULTATION BETWEEN COMMISSION AND ARTICLE 113
COMMITTEE ON ALL ISSUES. WHEN ASKED WHETHER THIS MEANT
THAT COMMISSION AND 113 WOULD BE FREE TO MAKE SIGNIFICANT
CONCESSIONS IN AREAS LIKE AGRICULTURE WITHOUT FURTHER
COUNCIL CONSIDERATION, DELL GAVE A HEDGED BUT ESSENTIALLY
NEGATIVE REPLY, ADDING THAT FURTHER COUNCIL SESSIONS ARE
NOT PRESENTLY SCHEDULED BEFORE JULY 15 MTN DEADLINE. DELL
DESCRIBED OBJECTIVE OF JUNE 27 COUNCIL AS TO ESTABLISH A
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STRONG EC MANDATE FOR THE END OF THE NEGOTIATIONS AND ONE
THAT WOULD ALLOW A NEGOTIATED CONCLUSION, ONE THAT WOULD
DEFEND EC INTERESTS BUT MAKE A SUCCESSFUL NEGOTIATION
POSSIBLE. HINTON

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